

USAID Grant Agreement No. 391-007-02

STRATEGIC OBJECTIVE GRANT AGREEMENT

AMENDMENT NUMBER TWO

BETWEEN THE

UNITED STATES OF AMERICA

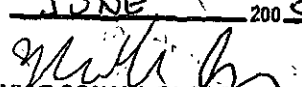
AND

THE ISLAMIC REPUBLIC OF PAKISTAN

FOR

HEALTH AND POPULATION WELFARE

May 26, 2005

Islamic Republic of Pakistan City of Islamabad Embassy of the United States of America	SS:
I, Vice Consul of the United States of America at Islamabad, Pakistan duly commissioned and qualified, do hereby certify that the foregoing is a true and faithful copy of the original, the same having been carefully examined by me and compared with the said original and found to agree therewith word for word and figure for figure.	
IN WITNESS WHEREOF I have here unto set my hand and affixed the seal of the Embassy of the United States of America at Islamabad, Pakistan, this <u>22nd</u> day of <u>JUNE</u> 200 <u>5</u>	
 VICE CONSUL OF THE UNITED STATES OF AMERICA	

AMENDMENT NUMBER TWO TO THE STRATEGIC OBJECTIVE GRANT AGREEMENT between the Government of the United States of America, acting through the United States Agency for International Development (USAID) and the Government of Pakistan (GOP), acting through the Economic Affairs Division of the Ministry of Finance, hereinafter referred to as "Grantee".

WHEREAS, The GOP and USAID entered into a Strategic Objective Grant Agreement (SOAG) for Health and Population Welfare, Grant Agreement No. 391-0007 dated August 18, 2003, as subsequently amended.

WHEREAS, USAID and the Grantee wish to further amend this Agreement to increase the USAID contribution by FORTY-SEVEN MILLION, SIX HUNDRED EIGHTY-SIX THOUSAND, FOUR HUNDRED FIFTY-SIX U.S. DOLLARS (US\$47,686,456), for a total amount of EIGHTY-NINE MILLION, NINE HUNDRED TWENTY-FIVE U.S. DOLLARS (US\$89,000,925).

NOW THEREFORE, the Strategic Objective Grant Agreement is amended as follows:

Amendment to Section 3.1, USAID Contribution:

- (a) The Grant. Section 3.1(a) of the Agreement is amended by deleting the amount of FORTY ONE MILLION, THREE HUNDRED FOURTEEN THOUSAND, FOUR HUNDRED SIXTY-NINE U.S. DOLLARS (US\$41,314,469) and inserting the amount of EIGHTY-NINE MILLION, NINE HUNDRED TWENTY-FIVE U.S. DOLLARS (US\$89,000,925) in lieu thereof.
- (b) Total Estimated USAID Contribution. Section 3.1(b) is amended by deleting the amount of USAID's total estimated contribution to achievement of the objective, ONE HUNDRED FIFTEEN MILLION U.S. DOLLARS (US\$115,000,000), and inserting the amount of ONE HUNDRED NINETY-TWO MILLION, FOUR HUNDRED FOURTEEN THOUSAND, FOUR HUNDRED SIXTY-NINE U.S. DOLLARS (US\$192,414,469) in lieu thereof. Any subsequent increments to the Grant will be subject to the availability of funds to USAID for this purpose and the mutual agreement of both parties, at the time of each subsequent increment, to proceed.
- (c) If at any time USAID determines that its contribution under Section 3.1(a) exceeds the amount which reasonably can be committed for achieving the Objective, Results or Activities during the current or next U.S. fiscal year, USAID may, upon written notice to the Grantee, adjust the excess amount, thereby reducing the amount of the Grant as set forth in Section 3.1(a). Actions taken pursuant to Section 3.1(c) will not revise USAID's total estimated contribution set forth in Section 3.1 (b).

Amendment to Article 4, Completion Date:

Article 4 (a) is deleted in its entirety and replaced with the following:

(a) The Completion Date, which is September 30, 2007 or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all the activities necessary to achieve the Objective and Results will be completed.

Amendment to Section 2.3, Annex 1, Amplified Description:

In accordance with Section 2.3 of the original Agreement, Annex 1, Amplified Description is deleted in its entirety and replaced with the attached Annex 1, Amplified Description.

All other terms and conditions of the Agreement remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the United States of America and the Government of Pakistan, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day, month and year shown on the cover page of this AMENDMENT NUMBER TWO.

UNITED STATES OF AMERICA

THE ISLAMIC REPUBLIC OF PAKISTAN

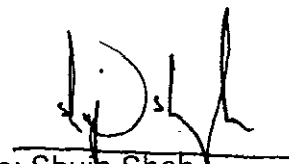
By:



Name: Patricia L. Rader

Title: Acting Director, USAID Mission to Pakistan

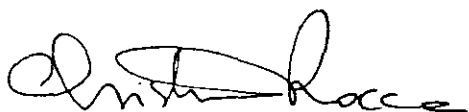
By:



Name: Shuja Shah

Title: Secretary, Economic Affairs Division

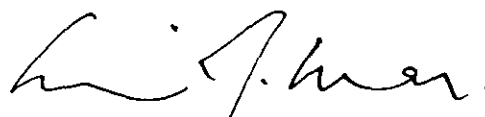
By:



Name: Christina B. Rocca

Title: Assistant Secretary of State

By:



Name: Hina Rabbani Khar

Title: Minister of State for Economic Affairs

ANNEX 1
SOAG AMENDMENT NUMBER TWO

AMPLIFIED PROGRAM DESCRIPTION

I. Introduction

This annex describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement. Nothing in this Annex 1 shall be construed as amending any of the definitions or terms of the Agreement.

II. USAID's Health and Population Program

In FY 2005 and beyond, USAID will improve the quality of health care in Pakistan by focusing on three objectives identified in collaboration with the Government of Pakistan: improve the quality and use of maternal, newborn and child health services; improve management of primary health care; and increase the use of proven interventions to prevent major infectious diseases. Among the major infectious diseases are: water and blood-borne hepatitis, diarrheal and enteric diseases, polio, tuberculosis, and, in certain areas, leishmaniasis. HIV/AIDS is a growing problem, and Pakistan is now considered to have a concentrated epidemic. USAID supports GOP health programs and coordinates closely with other donors and partners. Under this Agreement, USAID will provide training, technical assistance, small grants and some limited upgrading of infrastructure to achieve mutual GOP and USAID objectives in health.

USAID funds will:

- Develop new and improved maternal, newborn, and child health care throughout the country by improving services and upgrading equipment at selected health facilities;
- Continue efforts to eradicate polio through vaccination programs;
- Improve surveillance and control of diseases of major public health importance (e.g., hepatitis, TB, HIV);
- Promote greater awareness of HIV/AIDS and encourage healthier behaviors among the most at-risk groups;
- Improve water and sanitation system, including health and hygiene education to better assure safe drinking water, storage and end-use. Schools and health centers will be given priority in USAID focus districts.
- Provide training and technical assistance to reproductive health service providers to improve the availability and quality of care in underserved areas, in accordance with Mexico City Policy; and
- Help health officials and local governments improve the planning, implementation, and monitoring of health programs.

The program will support ten out of twelve objectives outlined in the GOP's reform strategies for the health and population sectors outlined in its Ten Year

Perspective Development Plan 2001-11. The program will promote the health of women and children through interventions that can be sustained over the long-term by improving the utilization and quality of health services. The objective of this assistance is to help the GOP develop and deliver accessible and quality health and reproductive health interventions.

Strategic Objective: Improved health services for vulnerable populations. This objective will be achieved through the following three intermediate results:

- 1. Improved quality and use of maternal, newborn, and child health services in target districts.**
- 2. Improved primary health care in target districts.**
- 3. Increased use of proven interventions to prevent major infectious diseases.**

1. Improved quality and use of maternal, newborn, and child health services in target districts: The USAID will promote social marketing of family planning and other family health services and products. Under the social marketing program, thousands of pharmacists, physicians, nurse/mid-wives, and other health care providers will be trained in up-to-date procedures and safety precautions, and communication experts will prepare and disseminate information via radio and television. Technical training and assistance, facility renovation, and service upgrades will improve mother and child birth outcomes and increase child survival. The Maternal and Newborn Health Initiative (MNHI) will focus on hospital and community activities in four districts, and pave the way for extending the program to other districts in FY 2006 and beyond.

2. Improved primary health care in target districts: The USAID will provide technical assistance to improve the fiscal and administrative management of the seven vertical programs at the provincial and district levels. Technical assistance and training will improve the capacity of district health teams to manage health programs. This initiative directly supports devolution and other national objectives to improve health sector performance. With these funds, USAID plans to also commission a national Demographic and Health Survey for Pakistan.

3. Increased use of proven interventions to prevent major infectious diseases: The concentrated outbreak of HIV/AIDS revealed in a groundbreaking study released in late FY 2004, highlights the importance of an immediate strategic response. USAID funds are programmed for HIV/AIDS prevention among high-risk groups and for care and treatment of persons living with AIDS. This component will also suggest polio eradication, national immunization days, and continued surveillance. Support will continue to be provided to fight TB through the extension of DOTS (Directly Observed Treatment Strategy) to the remaining districts of the country. A new program to increase surveillance and

response for infectious diseases (e.g., hepatitis, tuberculosis) is planned for startup in FY 2005, as is a new water and sanitation activity to provide safe drinking water through community-run systems in thousands of villages throughout the country.

III. Funding

Illustrative Financial Plan: The illustrative financial plan for the Agreement is set forth in the following table:

(US\$ Millions)					
Health and Population Program	2003	2004	2005	2006	2007
USAID Contribution - excluding AID/W withholdings:					
Reproductive Health Services	\$10.000	\$10.350	\$10.500	\$10.600	\$10.600
Provincial and district vertical health programs	\$2.000	\$2.700	\$3.800	\$3.700	\$3.700
Maternal and neonatal health care	\$2.714	\$8.750	\$18.000	\$16.400	\$16.400
Communicable Disease Control	\$1.000	\$3.800	\$14.886	\$19.000	\$19.000
Program Management	\$0.0	\$0.0	\$0.500	\$0.500	\$0.500
AID/W Withholdings:					
Infectious Diseases - UNICEF and WHO	\$0.0	\$0.0	\$3.000	TBD	TBD
IT Recovery Cost	\$0.0	\$0.0	\$0.014	TBD	TBD
Total Estimated USAID Contribution	\$15.714	\$25.600	\$50.700	\$50.200	\$50.200
Total GOP Contribution	Rs 1.2 billion	Rs 1.2 billion	Rs 1.2 billion	Rs 1.2 billion	Rs 1.2 billion

Representatives of the Parties may make changes to the Illustrative Financial Plan without formal amendment to the Agreement, if such changes do not cause USAID's contribution to exceed the amount specified in Section 3.1 of the Agreement, or the Grantee's contribution to be less than the amount specified in Section 3.2 of the Agreement.

IV. Illustrative Indicators

Specific targets for indicators will be set in respective sub-agreements and may be incorporated into this Agreement without formal amendment but with written notice to both parties.

- Illustrative indicators of program success for all three intermediate results include:
- Increase in number of service delivery centers for reproductive health services in peri-urban and rural areas;
- Improved quality of reproductive health services;
- Increased availability of modern contraceptive methods to eligible couples in peri-urban and rural areas;
- Increased and effective utilization of skilled workers for delivering emergency obstetric, post-partum care and neonatal health services;
- Development of health education and IEC material appropriate for the target population regarding HIV/AIDS and STDs;
- Availability of specific technical assistance for capacity building for at least two vertical health programs at the provincial and district level; and
- Improved fiscal management and administrative capacity at the district and provincial levels.

For all indicators, the Parties agree to use definitions adopted for purposes of reporting under the Pakistan Integrated Household Survey and Demographic Health Survey.

V. Activities/Activity Selection

USAID will select bulk of activities after a competitive grant or contract selection process conducted by USAID with participation from relevant government institutions and other entities. Criteria for selection of grant or contract proposals generally include the proposing organization's technical

approach and program description, management structure (including the choice of key personnel), institutional capacity, past performance in like circumstances, and degree of Grantee reliance on Pakistani institutions and expertise for implementation. Proposals will also take into account ongoing activities of other donors in the health sector to avoid duplication.

VI. Monitoring and Evaluation

The Parties will monitor and evaluate progress towards the Strategic Objective at three levels:

National Level – Program: Annual joint monitoring mission of GOP and USAID teams and Annual Review of joint mission results and other relevant assessments.

Provincial Level – Joint monitoring missions of respective provincial government project implementation units on a quarterly basis.

Local level – Community or beneficiary based monitoring and evaluation on a regular basis to be agreed with local stakeholders.

In addition, this program will include two formal evaluations, financed by funds under this Agreement. A formal, formative-type evaluation will be carried out after two years of implementation to gauge the overall quality and progress of the work conducted to date, and make recommendations for improvement. This evaluation will be carried out by a highly qualified, external and objective organization. The second evaluation, more summative in nature, will be carried out at the beginning of the program's final six months.

USAID's implementation agreements, whether contracts, grants or cooperative agreements, also contain provisions for regular monitoring and evaluation of activities conducted there under. USAID's Regional Inspector General in Manila and the Auditor General of Pakistan may also undertake performance audits of activities under this Agreement from time to time. The Parties also undertake, as much as possible, to publicize the undertakings in this Agreement on public websites in Pakistan so that the citizens of Pakistan can monitor progress towards results hereunder.

VII. Other Implementation Issues

The prevailing security situation in Pakistan may pose unique challenges for implementing activities under this Agreement. The Parties recognize that implementation may be delayed from time-to-time in response to unexpected events and will make every effort to reduce such delays if and when they occur. To minimize such disruptions, the Parties agree to seek implementation partners.

that can move as freely as possible throughout Pakistan, even during periods when expatriate personnel may be forced to leave the country unexpectedly.